

A number of major political and economic developments marked the year 2014 in Iceland. Municipal elections in May heralded a change in political party leadership, with the exit of Reykjavík mayor Jón Gnarr and his Best Party, and the return of the Social Democratic Alliance (SDA) in coalition with Bright Future, the Left-Green Movement (VG), and the Pirate Party.

The issue of Iceland's relationship with the European Union (EU) was a cause of contention throughout the year, particularly after officials declined to hold a referendum about the potential withdrawal of the country's application for EU membership.

Iceland continued to contend with the consequences of its 2008 financial crash, in which a major credit crisis forced the government to nationalize three large banks. Iceland's special prosecutor for economic crimes, Ólafur Hauksson, continued to pursue several financial fraud investigations in 2014 into major banks and individuals suspected of criminal acts related to the crash.

Political Rights and Civil Liberties:

Political Rights: 39 / 40 (–1) [Key]

A. Electoral Process: 12 / 12

The Icelandic constitution, adopted in 1944, vests power in a president, a prime minister, the 63-seat unicameral legislature (the Althingi), and a judiciary. The Althingi, arguably the world's oldest parliament, was established in approximately 930 AD. The largely ceremonial president is directly elected for a four-year term, and the prime minister is appointed by the president. President Ólafur Ragnar Grímsson was elected to his fifth term in 2012, defeating independent journalist Thóra Arnórsdóttir.

The legislature is elected for four-year terms but can be dissolved for early elections under certain circumstances. In the 2013 parliamentary elections, an SDA-VG center-left coalition lost half the seats it held in the Althingi—the biggest loss of seats by a governing coalition since Iceland's independence in 1944. Opposition to unpopular austerity measures, to taxation levels, and to EU ascension negotiations, as well as high levels of personal debt, were major voter concerns during the election campaign. The Althingi now comprises the Progressive Party and the Independence Party, with 19 seats each, as well as the SDA with 9 seats, the Left-Green Movement with 7, and two new parties—Bright Future and the Pirate Party—with 6 and 3 seats, respectively. Sigmundur Davíð Gunnlaugsson, the leader of the Progressive Party, serves as prime minister.

In May 2014, municipal elections were held in Reykjavík. Keeping a public promise announced in 2013, the comedian-turned-mayor Gnarr did not run for reelection and, following the conclusion of the vote, disbanded his Best Party. The SDA, which won the most seats in the capital's city council, entered into a coalition with Bright Future, VG, and the Pirate Party.

B. Political Pluralism and Participation: 16/ 16

Three major political parties and three smaller parties are represented in the Althingi. The center-right

Independence Party dominated Icelandic politics until 2009, when Jóhanna Sigurðardóttir's center-left SDA-VG coalition won a majority, but a center-right alliance comprised of the Progressive Party and the Independence Party retook the parliament in 2013.

The banking crisis of 2008 spawned several new political parties and movements, and the 2013 parliamentary elections were contested by 15 political parties. By comparison, seven parties had competed in the 2009 elections. In its five years of political activity, the Best Party proved to be one of the most successful new parties, along with its sister party in the Althingi, Bright Future. Both developed coherent, left-leaning agendas.

Foreigners can vote in municipal elections if they have been residents for at least five years, or three years if they are citizens of Scandinavian countries.

C. Functioning of Government: 11 / 12 (−1)

In January 2014, Gunnlaugsson announced plans to submit to the parliament a resolution to withdraw Iceland's application for EU membership. The approval of the resolution by the governing parties in February sparked public demonstrations, and a petition was launched to call for a public vote. No official decision had been made on the matter at year's end.

Corruption is not a pervasive problem in Iceland, which was ranked 12 out of 175 countries surveyed in Transparency International's 2014 Corruption Perceptions Index. However, the country has experienced a number of fraud scandals in recent years. Despite substantial cuts to its budget in 2014, a special prosecutor's office tasked with investigating and prosecuting financial crimes continued to pursue dozens of cases of alleged fraud, including many related to the 2008 financial crisis. In November, a Reykjavík court sentenced Sigurjon Arnason, the former chief executive of Landsbanki—one of the largest banks that failed in the financial crisis—to twelve months in prison, nine of them suspended. He was convicted of manipulating share prices and deceiving investors. Arnason's case followed several others in recent years, including the convictions of 15 prominent bank managers in 2013; the 2012 conviction of former prime minister Geir Haarde of negligence; and the 2012 conviction of Baldur Guðlaugsson, former undersecretary of the Ministry of Finance, for insider trading.

A political scandal involving Minister of the Interior Hanna Birna Kristjánsdóttir led to her resignation in 2014. The scandal began in 2013 with a leaked memo from the ministry with information about Tony Omos, a Nigerian asylum seeker whose potential deportation had sparked protests across Iceland. The memo had alleged that authorities suspected Omos of criminal behavior, which the media construed as an attempt to influence his asylum case. Kristjánsdóttir's personal assistant admitted to leaking the memo and was convicted of a breach of confidentiality following a state investigation.

Kristjánsdóttir herself faced allegations of attempting to interfere with the investigation and was called before the Parliamentary Constitutional and Supervisory Committee in July; local media had accused her of influencing the work of the Reykjavík police chief, who resigned in the midst of the investigation. Media also reported allegations that the minister had attempted to intimidate journalists covering the case. Kristjánsdóttir resigned from the ministry in November, and the case was ongoing at year's end. Ólöf Nordal replaced Kristjánsdóttir in December.

Civil Liberties: 60/ 60

D. Freedom of Expression and Belief: 16 / 16

The constitution guarantees freedom of speech and of the press. In 2010, the parliament unanimously passed the Icelandic Modern Media Initiative, which mandates the establishment of stringent free speech and press freedom laws and focuses on the protection of investigative journalists and media outlets. Iceland's wide range of print publications includes both independent and party-affiliated newspapers. The autonomous Icelandic National Broadcasting Service competes with private radio and television stations. Private media ownership is concentrated, with the Norðurljós (Northern Lights) Corporation controlling most private television and radio outlets and two of the three national newspapers. Internet access is unrestricted.

The constitution provides for freedom of religion, with equal protection under the law for different religions groups. About three-quarters of Icelanders belong to the Evangelical Lutheran Church. The state supports the church through a special tax, which citizens can choose to direct to the University of Iceland instead. A long-planned mosque in a suburb of Reykjavík gained attention in the May 2014 municipal elections when leading Progressive Party candidate Sveinbjörg Birna Sveinbjörnsdóttir stated her support for ending the use of public lands for the building. Permission to construct the mosque was requested in 1999 but only granted in 2013. There are approximately 840 Muslims living in Iceland. A poll published in October 2014 by an independent market research company showed that 42 percent of Icelanders opposed the construction of the mosque.

A 2008 law requires the teaching of theology in grades 1 through 10. Academic freedom is respected, and the education system is free of excessive political involvement.

E. Associational and Organizational Rights: 12 / 12

Freedoms of association and peaceful assembly are generally upheld. Protests took place in 2014 in reaction to a parliamentary proposal to withdraw Iceland's application to join the EU, and thousands of demonstrators assembled in Reykjavík without violence or undue interference. Many nongovernmental organizations operate freely and enjoy extensive government cooperation.

The labor movement is robust, with more than 80 percent of all eligible workers belonging to unions. All unions have the right to strike. There were no significant strikes in 2014.

F. Rule of Law: 16 / 16

The judiciary is independent. The law does not provide for trial by jury, but many trials and appeals use panels of several judges. The constitution states that all people shall be treated equally before the law, regardless of sex, religion, ethnic origin, race, or other status. Prison conditions generally meet international standards. The Act on Foreigners was amended in 2004 to allow home searches without warrants in cases of suspected immigration fraud, among other changes.

G. Personal Autonomy and Individual Rights: 16 / 16

Women enjoy equal rights, and more than 80 percent of women participate in the workforce. Iceland topped the World Economic Forum's 2014 ratings on gender equality. Following the 2013 elections, women hold 40 percent of seats in the Althingi. In 2009, Sigurðardóttir became Iceland's first female prime minister and the world's first openly lesbian head of government. However, a pay gap exists between men and women despite laws designed to prevent disparities.

The parliament unanimously passed a law legalizing same-sex marriage in 2010, and a 2006 law established full and equal rights for same-sex couples on adoption and assisted pregnancy. A comprehensive law on transgender issues adopted in 2012 aimed to simplify legal issues pertaining to gender reassignment surgery, to ensure full and equal rights to transgender people, and to guarantee relevant health care.

The Althingi passed a law criminalizing human trafficking in 2009.

Scoring Key: X / Y (Z)

X = Score Received

Y = Best Possible Score

Z = Change from Previous Year

[Full Methodology](#)